



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
**5<sup>th</sup> Floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul, Hyderabad 500 004**

**O. P. No. 23 of 2022**  
**(Suo Moto)**

**Dated 09.02.2022**

**Present**

Sri T. Sriranga Rao, Chairman  
Sri M. D. Manohar Raju, Member (Technical)  
Sri Bandaru Krishnaiah, Member (Finance)

**In the matter of according consent to the Draft Power Purchase Agreement (PPA) entered into between Northern Power Distribution Company of Telangana Limited and M/s Madhucon Sugar and Power Industries Limited for procurement of 19 MW power from 24.2 MW Bagasse Co-generation plant at Rajeswarapuram, Ammagudem post, Nelakondapally (M), Khammam District, Telangana State for the balance life period i.e., till 19.10.2028 from the date of execution of PPA.**

**ORDER**

1. Northern Power Distribution Company of Telangana Limited (TSNPDCL or TSDiscom) has submitted proposals vide letter No. CGM (IPC & RAC) / GM (IPC & RAC) / DE / ADE (IPC) / F. Madhucon / D. No. 416 / 21, dated 10.12.2021 for consent to draft Power Purchase Agreement (PPA) executed on 10.12.2021 with M/s. Madhucon Sugar and Power Industries Limited (MSPL) for procurement of 19 MW power from 24.2 MW Bagasse Co-generation plant at Rajeshwarapuram Ammagudem post, Nelakondapally (M), Khammam District, Telangana State for its balance life period i.e., till 19.10.2028 from the date of execution of PPA (20.10.2008 is COD of the plant).
2. Further, TSNPDCL, vide letter No. CGM (IPC & RAC) / GM (IPC & RAC) / DE / ADE (IPC) / F. Madhucon / D. No. 456 / 21, dated 06.01.2022 submitted as under:

“It is to submit that while considering the existing Renewable Energy capacities along with the potential availability of RE in the state of Telangana, TSERC issued Regulation No.2 of 2018, dated 30.04.2018 prescribing the Renewable Power Purchase Obligation to be met by TSDISCOMs, for the FY 2018-19 to FY 2021-22, as follows:

Year / RPPO	2018-19	2019-20	2020-21	2021-22
Solar	5.33%	5.77%	6.21%	7.10%
Non-solar	0.67%	0.73%	0.79%	0.90%
<b>Total</b>	<b>6.0%</b>	<b>6.5%</b>	<b>7.0%</b>	<b>8.0%</b>

(i) The details of RPPO met against the above targets is as submitted below:

FY	Solar RPPO	Non-Solar RPPO
	Met by TSDISCOMs	Met by TSDISCOMs
2018-19	9.57%	0.83%
2019-20	9.86%	0.67%
2020-21	9.20%	0.79%

TSDiscoms achieved TSERC prescribed “Solar RPPO” for FY 2019-20, but couldn’t meet the Non-Solar RPPO.

Further, the Agreements period of most of the Non-solar projects (Biomass, Bagasse and Mini Hydel) are expiring by the end of FY 2021-22 and FY 2022-23. List of the projects are submitted below:

Sl. No	Name of the Developer	Capacity in MW	COD	Date of expiry of PPA	Remarks
<b>I. Biomass</b>					
1.	M/s Gowthami Bio Energies Ltd.	6	23.07.2001	22.07.2021	PPA is already expired
2.	M/s Rithwik Power Projects Pvt. Ltd.	6	23.11.2002	22.11.2022	
4.	M/s Shalivahana Green Energy Limited	6	07.12.2002	6.12.2022	

	<b>Sub-Total</b>	<b>18</b>			
<b>II. Bagasse</b>					
1.	M/s Kakathiya Cement Sugar & Industries Ltd	16.7	12.04.2002	11.04.2022	
3.	M/s Gayatri Sugars Ltd. (Nizamsagar)	16.5	16.05.2007	15.05.2027	
4.	M/s Gayatri Sugars Ltd. (Kamareddy)	6	23.05.2001	22.05.2021	Extended for 5 years (23.05.21 to 22.5.2026)
	<b>Sub-Total</b>	<b>39.2</b>			
<b>III. Mini Hydel</b>					
1.	M/s AAAL (Saraswathi Power & industries Pvt Ltd)	2	02.10.2001	01.10.2021	(Extended for 5 years (02.10.21 to 01.10.2026))
2.	M/s Kallam Spinning mills	4	29.01.2002	28.01.2022	
	<b>Sub-Total</b>	<b>6</b>			
<b>IV. Industrial Waste based projects</b>					
1.	M/s MSR Mega Bio Power Pvt Limited	7.5	01.06.2016	31.05.2036	
	<b>Sub-Total</b>	<b>7.5</b>			
<b>V. VI. MSW/RDF and Wind based projects</b>					
nil					
	<b>Grand Total</b>	<b>70.7</b>			

As detailed above, out of 70.7 MW capacity under PPA, some of the Non-Solar projects 38.7 MW capacity are going to expire by FY 2021-22 & FY 2022-2023.

As such, keeping the limited availability of Non-Solar RE potential, in view, the power from this M/s Madhucon Sugar & Power Industries limited bagasse project could help the TSDISCOM to achieve Non-Solar RPPO.

TSNPDCL is having HT Service connection of M/s Madhucon Sugar & Power Industries Limited KMM-510 with contracted Maximum Demand of 1200 KVA.

Out of total plant capacity of 24.2 MW, 1.7 MW is for auxiliary consumption and 3.5 MW is for captive consumption and balance 19 MW is for sale to TSNPDCL.”

### **Admission of the Proposal and Regulatory Process**

3. The Commission has taken the request of TSNPDCL on record, examined with reference to the legality i.e., in the context of the provisions of the Electricity Act, 2003, APER Act, Policy, provisions under applicable Regulations and sustainability of the clauses in the PPAs and decided to finalise the approval or consent of the Draft PPA through public consultation process and assigned O. P. No. 23 of 2022 (Suo Moto).

### **Regulatory provisions for approval or consent of PPA by the Commission**

4. The following are the Regulatory provisions in the matter of approval or consent of arrangement (PPA) for the purchase of electricity by a distribution licensee from any person or Generating Company and determination of tariff by the Commission.

**“Section 21 (4) of the Telangana Electricity Reform Act, 1998 (Act 30 of 1998) r/w the Telangana Gazette No.130 dated 1st June, 2016 and G.O.Ms.No.45, Law (F), 1st June, 2016 [Restrictions on licensees and Generating Companies]**

(4) A holder of a supply or transmission licence may, unless expressly prohibited by the terms of its licence, enter into arrangements for the purchase of electricity from, -

- (a) the holder of a supply licence which permits the holder of such licence to supply energy to other licensees for distribution by them; and
- (b) any person or Generating Company with the consent of the Commission

... ..

**Section 86 (1) (b) of the Electricity Act, 2003 [Functions of State Commission]**

(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall

be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State.

... ..

**Section 62 (1) (a) of the Electricity Act, 2003 [Determination of Tariff]**

- (1) The Appropriate Commission shall determine the tariff in accordance with the provisions of this Act for-
- (a) supply of electricity by a generating company to a distribution licensee:

... ..”

**Notification calling for objections/suggestions**

5. The Commission issued a Notice dated 12.01.2022 inviting suggestions/objections/comments from all the stakeholders and public at large, with the last date on or before 03.02.2022. The said Draft PPA along with additional submissions of TSNPDCL were placed on the website of the Commission ([www.tserc.gov.in](http://www.tserc.gov.in)). The copy of the Public Notice is enclosed as **Annexure-I**.

**Response to Public Notice**

6. In response to the above Public Notice, suggestions/comments/objections have been received from one (1) stakeholder. The details of the stakeholders who have submitted suggestions/comments/objections is enclosed as **Annexure-II**.

7. TSNPDCL has submitted replies on the suggestions/objections/comments raised by the stakeholder. The Commission has concluded all the suggestions/objections/comments raised by the stakeholder and responses of the TSNPDCL issue-wise hereunder.

**Issue 1: General**

**Stakeholders' submission**

8. From the submissions, it is not clear as to what underlying discussions had taken place for deciding to enter into the subject PPA by TSNPDCL.

9. TSNPDCL submitted that the out of 70.7 MW of non-solar PPAs, the terms of the PPAs to the tune of 38.7 MW will be completed in FY 2021-22 and FY 2022-23. TSNPDCL has not made any submissions regarding its proposal for extending the terms of those PPAs.

10. The distribution licensees have fulfilled solar and non-solar RPPO to the extent of 9.20% and 0.79% for FY 2020-21. The RPPO for the period commencing from FY 2022-23 onwards has to be specified by the Commission. The present proposal of TSNPDCL may be put on hold till specification of RPPO for the period from FY 2022-23 onwards. Otherwise, if the Commission intends to decide on the subject proposal, the same may be done after conducting a public hearing in the matter.

11. Specifying RPPO separately for solar and non-solar is unwarranted. Procurement of solar power above the RPPO target is unwarranted and detrimental to the interest of consumers. The distribution licensee cannot be at fault for unavailability of non-solar power. The distribution licensee is required to purchase non-solar power for meeting RPPO albeit such power being costlier. The non-fulfilment of non-solar RPPO, marginally, does not have any detrimental effect. With competitive bidding adopted in the country for power procurement, determination of generic tariffs and concluding PPAs at those generic tariffs are unwarranted.

12. When the maximum demand of FY 2021-22 could be met from existing sources, the requirement of additional power generation capacity to the tune of 9157 MW is unjustified. The availability of power projected by the distribution licensees for FY 2022-23 is without considering the installed capacity of gas power stations. The distribution licensees have also submitted that they have not been in a position to sell the surplus power in the market profitably.

13. The distribution licensees have claimed the tariff of Rs.5.34 per unit for bagasse based co-generation power for FY 2022-23. The claimed tariff is exclusive of electricity duty, taxes and royalty.

#### **TSNPDCL replies**

14. MSPL had represented vide letter dated 18.11.2020 with intention for sale of surplus power on long-term basis and after detailed deliberations, the decision was taken for entering into PPA by TSNPDCL for fulfilling the non-solar RPPO.

15. The extension of the terms of the PPAs depends on mutual agreement of the generator and the distribution licensee and also on the tariff for the extended period.

16. The distribution licensees have fulfilled the solar RPPO but not non-solar RPPO for FY 2019-20. The distribution licensees are not in a position to fulfil non-solar RPPO for FY 2021-22. The solar power is being procured pursuant to competitive bidding. The distribution licensees have been requesting the Commission to consider the solar power procured above the RPPO target as compensation for shortfall in fulfilment of non-solar RPPO. In its letter dated 12.11.2021, Ministry of New and Renewable Energy (MNRE), Government of India (GoI) cautioned the distribution licensees that non-fulfilment of RPPO determined by GoI may attract penalties to the tune of Rs. 148-296 Crore.

17. The requirement of additional power had been justified in the relevant filings before the Commission. Sale of surplus power in the market depends on the prices at the relevant time.

18. The tariff payments to bagasse based co-generation plants are being made as per the tariffs determined by the Commission.

### **Commission's view**

19. The Commission has taken note of the stakeholders' submission and TSNPDCL's replies to the same. The Commission does not find the requirement of conducting a public hearing in the matter and therefore decides to proceed with the material available on record.

## **Issue 2: Requirement of the proposed procurement**

### **Stakeholders' submission**

20. The proposed procurement from MSPL is only for fulfilling the RPPO and not demand fulfilment. According consent to the subject PPA increases the availability of power and thereby surplus power. The generation from bagasse based co-generation plants is seasonal, the utility of that power for meeting peak demand is

not certain. Hence, additional power purchases have to be made from the market for meeting the peak demand, despite having surplus power.

21. In its submissions in O. P. No. 9 of 2021, TSNPDCL asserted on negotiation of tariff with MSPL. However, in the subject PPA, it had agreed for tariff determination by the Commission. The reasons for the change in stand of TSNPDCL are unclear.

22. The basis of tariff determination has not been submitted. Determination of generic tariff of MSPL which had completed 13 years operation at this stage is unwarranted.

### **TSNPDCL replies**

23. In the procurement of power from non-conventional sources, the demand fulfilment is invariably considered along with RPPO. Bagasse based co-generation power is Round-The-Clock (RTC) power and aids in meeting the peak demand. The bagasse based co-generation plants, although operate seasonally, are designed to operate at the Plant Load Factor (PLF) of 55%.

24. In its submissions in O. P. No. 9 of 2021, TSNPDCL requested the Commission to allow for negotiation of tariff but, it was not allowed by the Commission. The Commission had left the decision to enter into the PPA, to the parties. Accordingly, the draft PPA was entered into by TSNPDCL.

25. As per the draft PPA, MSPL has to file the petition for tariff determination, before the Commission.

### **Commission's view**

26. The Electricity Act, 2003 specifies two routes for procurement of power by a distribution licensee namely, (i) u/s 62 at the tariffs determined by the Commission and (ii) u/s 63 at the tariffs discovered through competitive bidding route. The Act also mandates the promotion of co-generation and generation of electricity from renewable sources of energy. The Commission is of the view that, when the two routes of power procurement, viz., u/s 62 and u/s 63 of the Act, co-exist for the distribution licensees, it is imperative, to consider the merits of the proposed power



procurement by TSNPDCL u/s 62 of the Act. For the sake of record, MSPL has filed the petition for determination of tariff before the Commission.

27. Section 86 (1) (e) of the Electricity Act, 2003 mandates promotion of generation from renewable sources of energy by providing suitable measures for sale of electricity. Section 86 (1) (e) also mandates the Commission to specify RPPO, to be met from renewable sources of energy. The Commission, vide Regulation No.2 of 2018, dated 30.04.2018 prescribed the separate Renewable Power Purchase Obligation (RPPO) targets for Solar and Non-Solar power generation technologies for the period FY 2018-19 to FY 2021-22 to be met by distribution licensees of the state. TSNPDCL has executed PPAs for procuring non-solar power for meeting the non-solar RPPO.

28. The Commission has examined the status of non-solar PPAs of TSNPDCL. The Commission observes that out of the total capacity of 70.7 MW of non-solar PPAs, the PPAs aggregating to the capacity of 38.7 MW would expire by FY 2021-22 and FY 2022-23. More specifically, the terms of PPAs of capacity of 28.7 MW are going to be completed in the ensuing year i.e., FY 2022-23. As TSNPDCL has been procuring from those existing PPAs, the shortfall due to completion of term of those PPAs has to be made good by contracting additional sources of NCE power. Taking into consideration the mandate of Electricity Act, 2003 and the above factors, the Commission deems it fit to consider TSNPDCL's proposal for procurement of 19 MW power from 24.2 MW Bagasse co-generation plant of MSPL for the balance life period of 20 years i.e., till 19.10.2028 from the date of execution of PPA (20.10.2008 is COD of the plant).

29. With the above background, the Commission hereby proceeds with the approval of Draft PPA entered into between MSPL and TSNPDCL. The Commission has discussed the provisions of the draft PPA that are required to be modified, in the following table. As regards the other provisions of the PPA, for the sake of brevity, the Commission has not repeated the same as they need not be modified, and those existing provisions stand approved.

**Table 1: Provisions of PPA that are required to be modified**

Ref.	Existing provision	To be modified as
<b>Article 1 Definitions</b>		

Ref.	Existing provision	To be modified as
1.29	“ <b>Tariff</b> ” shall have the same meaning as ascribed in Clause 2.2 of this Agreement	“ <b>Tariff</b> ” shall have the same meaning as ascribed in Article 2.2 of this Agreement
<b>Article 2 Purchase of delivered energy and tariff</b>		
2.5	<p><b>Explanation 2:</b> If the company is not willing to avail power from TSNPDCL for their processing unit in the same premises during outages of their power plant by providing suitable interlocking arrangements between power plant and processing unit.</p>	<p><b>Explanation 2:</b> If the Company is not willing to avail power from TSNPDCL for their processing unit in the same premises during outages of their power plant by providing suitable interlocking arrangements between power plant and processing unit, and desires to draw power from Grid for starting and maintenance purpose of the generating station through the dedicated line intended for export of power, the following conditions will apply:</p> <p>(i) The Company has to declare the Load requirement for Starting and Maintenance purposes of the power plant and agreed to by TSNPDCL.</p> <p>(ii) The Company will not have a separate HT Service connection number, HT Agreement and Contracted Maximum Demand. The Gross energy and the recorded maximum demand shall be billed as per</p>

Ref.	Existing provision	To be modified as
		<p>TSNPDCL's the then tariff rates applicable to HT-I consumers.</p> <p>(iii) In the event of exceeding the declared load, penal charges will apply as per Tariff conditions.</p> <p>(iv) In case the developer wants the power from grid for their processing plant during planned outage, a separate requisition for sanction of Temporary supply for the purpose shall be made utilising the existing infrastructure for the project.</p>
	<p><b>Explanation 3:</b> If the Company desires to draw power from Grid for starting and maintenance purpose of the generating station through the dedicated line intended for export of power, the following conditions will apply:</p> <p>(i) The Company has to declare the load requirement for starting and maintenance purpose of the power plant and agreed by TSNPDCL.</p> <p>(ii) The Company will not have separate HT Service Connection number, HT agreement.</p>	<p><b>Explanation 3:</b> If the Company is willing to avail power from TSNPDCL for their processing unit in the same premises during outages of their power plant, and desires to draw power from Grid for starting and maintenance purposes of the Generating station through the dedicated line intended for export of power, the following conditions will apply.</p> <p>(i) The Company will have a separate HT Agreement and Contracted Maximum Demand with TSNPDCL.</p> <p>(ii) The Gross energy and the</p>

Ref.	Existing provision	To be modified as
	<p>(iii) The energy supplied by the TSDISCOM to the Company, shall be billed by the TSDISCOM and the Company shall pay the TSDISCOM for such electricity supplies, at the then-effective TSERC applicable tariff to High tension Category-I Consumers as determined by TSERC from time to time. For this purpose, the maximum demand recorded during such periods in a billing cycle shall be considered. if in shut down period, the billing demand would be 80% of auxiliary consumption or recorded maximum demand whichever is more.</p> <p>a) Billing Energy: 50 units per KVA on billing demand or actual units recorded whichever is more.</p> <p>b) For the purpose of billing TOD tariff, TOD compatible meters may be installed.</p> <p>c) However, the</p>	<p>Demand will be billed by TSNPDCL as per the then tariff applicable to HT-I consumers.</p>

Ref.	Existing provision	To be modified as
	<p>minimum HT-I category billing shall be made applicable to the company in a billing cycle that may be decided by Hon'ble TSERC from time to time, based on the voltage of the generator.</p>	
<p><b>Article 3 Interconnection facilities, Synchronization, Commissioning and Commercial Operation</b></p>		
3.4	<p>Any modifications or procedures or changes in arranging interconnection facilities for power evacuation rests with GoTS / TSDISCOM / TSTRANSCO.</p>	<p>Any modifications or procedures or changes in arranging interconnection facilities for power evacuation rests with TSNPDCL / TSTRANSCO.</p>
<p><b>Article 4 Metering and Protection</b></p>		
4.4	<p>Wherein the yearly meter check indicates an error in one of the main meter/meter(s) beyond the limits of errors, for such meter(s), but no such error is indicated in the corresponding check meter/meters, billing for the month will be done on the basis of the reading on the check meter/meters and the main meter will be replaced immediately.</p>	<p>Wherein the half yearly meter check indicates an error in one of the main meter/meter(s) beyond the limits of errors, for such meter(s), but no such error is indicated in the corresponding check meter/meters, billing for the month will be done on the basis of the reading on the check meter/meters and the main meter will be replaced immediately.</p>
4.5	<p>If during the yearly test checks, both the main meters and</p>	<p>If during the half yearly test checks, both the main meters and</p>

Ref.	Existing provision	To be modified as
	<p>corresponding check meters are found to be beyond permissible limits of error, Standby meters readings shall be taken to in consideration and both Main and check meters shall be immediately replaced. If all the meters during yearly checkings found to be faulty, and the correction applied to the consumption registered by the main meter to arrive at the correct delivered energy for billing purposes for the period of the one month upto the time of such test check, computation of delivered energy for the period thereafter till the next monthly meter reading shall be as per the replaced main meter. Alternatively, the energy will be computed on a mutually agreeable basis for that period of defect.</p>	<p>corresponding check meters are found to be beyond permissible limits of error, Standby meters readings shall be taken to in consideration and both Main and check meters shall be immediately replaced. If all the meters during half yearly checkings found to be faulty, and the correction applied to the consumption registered by the main meter to arrive at the correct delivered energy for billing purposes for the period of the one month upto the time of such test check, computation of delivered energy for the period thereafter till the next monthly meter reading shall be as per the replaced main meter. Alternatively, the energy will be computed on a mutually agreeable basis for that period of defect.</p>
4.6 (A)	-	<p>New Article to be included after the existing Article 4.6 as:</p> <p style="padding-left: 40px;">“If all the meters fail to record or if any of the PT fuses are blown out, then the energy will be computed on a mutually agreeable basis for that period of defect.”</p>
4.11 (A)	-	<p>New Article to be included after the existing Article 4.11 as:</p>

Ref.	Existing provision	To be modified as
		<p>“The Company shall install communication system in the Project and at the designated Sub-station at the cost of the Company, to establish contact with Sub-station to which it is interconnected for co-ordination of the Project Operation. The regular maintenance of the Wireless sets is to be carried out by the Company.”</p>
<b>Article 5 Change in Law</b>		
5.1	<p>"Change in Law" means the occurrence of any of the following events after the date on which PPA to be signed, resulting into any additional recurring/non-recurring expenditure by the Company or any income to the Company, the enactment, coming into effect, adoption, promulgation, amendment, modification or repeal (without re-enactment or consolidation) in India, of any Law, including rules and regulations framed pursuant to such Law and any notifications issued thereunder.</p> <p>(a) change in the interpretation or application of any Law by</p>	To be deleted

Ref.	Existing provision	To be modified as
	<p>any Indian Governmental Instrumentality having the legal power to interpret or apply such Law, or any Competent Court of Law;</p> <p>the imposition of a requirement for obtaining any Consents, Clearances and Permits which was not required earlier;</p> <p>(b) a change in the terms and conditions prescribed for obtaining any Consents, Clearances and Permits or the inclusion of any new terms or conditions for obtaining such Consents, Clearances and Permits: except due to any default of the Company;</p> <p>(c) any change in tax or introduction of any tax made applicable for supply of power by the Company as per the terms of this Agreement but shall not include:</p> <p>(i) any change in any withholding tax on income or dividends distributed to the shareholders of the</p>	



Ref.	Existing provision	To be modified as
	<p>Company, or</p> <p>(ii) change in respect of UI Charges or frequency intervals by an Appropriate Commission or</p> <p>(iii) any change on account of regulatory measures by the Appropriate Commission including calculation of Availability.</p>	
<b>Article 6 Billing and Payment</b>		
6.2	Any payment made beyond the due date of payment, TSDISCOM shall pay interest at a rate of 10% per annum as per existing nationalized bank rate and in case this rate is reduced, such reduced rate is applicable from the date of reduction.	Any payment made beyond the due date of payment, TSNPDCL shall pay interest at a rate SBI 1-year MCLR for the period from the date by which the amount is due to the Company to the date of actual release of payment by TSNPDCL.
6.6	<p><b>Billing disputes:</b> The TSDISCOM shall pay the bills of the Company promptly subject to the provisions in Article 2, and in accordance with tariff determined by TSERC.</p> <p>The TSDISCOM shall notify the Company in respect of any disallowed amount on account of any dispute as to all or any portion of the bill. The Company shall</p>	<p><b>Billing disputes:</b> The TSNPDCL shall pay the bills of the Company promptly subject to the provisions in Article 2, and in accordance with tariff determined by TSERC.</p> <p>The TSNPDCL shall notify the Company in respect of any disallowed amount on account of any dispute as to all or any portion of the bill. The Company shall</p>

Ref.	Existing provision	To be modified as
	<p>immediately take up issue with all relevant information with TSDISCOM which shall be rectified by the TSDISCOM, if found satisfactory.</p> <p>Otherwise notify its (TSDISCOM's) rejection of the disputed claim within reasonable time with reasons recorded in writing therefor. The dispute may also be decided by mutual agreement. If the resolution of any dispute requires the TSDISCOM to reimburse the Company, the amount to be reimbursed shall bear interest rate of 10% per annum as per existing nationalized bank rate and in case this rate is reduced, such reduced rate is applicable from the date of reduction.</p>	<p>immediately take up issue with all relevant information with TSNPDCL which shall be rectified by the TSNPDCL, if found satisfactory.</p> <p>Otherwise notify its (TSNPDCL's) rejection of the disputed claim within reasonable time with reasons recorded in writing therefor. The dispute may also be decided by mutual agreement. If the resolution of any dispute requires the TSNPDCL to reimburse to the Company, the amount to be reimbursed shall bear interest rate SBI 1-year MCLR for the period from the date by which the disallowed amount is due to the Company to the date of actual release of payment by TSNPDCL.</p>
<b>Article 7 Undertaking</b>		
7.1 (ii) (A)	-	<p>New Article to be included after the existing Article 7.1(ii) as:</p> <p>“the Company shall furnish the generation and maintenance schedules every year.”</p>
7.1 (iii) (A)	-	<p>New Article to be included after the existing Article 7.1(iii) as:</p> <p>“the Company have to comply with provisions of</p>

Ref.	Existing provision	To be modified as
		TSERC (State Electricity Grid Code) amended from time to time.”
7.1 (v)	-	New Article to be included after the existing Article 7.1(iv) as: “the Company shall make payment of grid support charges as fixed by TSERC from time to time”
7.2 (iii)	-	New Article to be included after the existing Article 7.2(ii) as: “for providing grid support for the essential load of the power plant and for manufacturing process.”
<b>Article 8 Duration of Agreement</b>		
	This Agreement shall be effective upon its execution of PPA and delivery thereof between parties hereto and shall continue in force until the twentieth (20 <sup>th</sup> ) anniversary that is for a life period of twenty years from the Commercial Operation Date (COD). The agreement is valid till 19.10.2028. This Agreement may be renewed for such further period of time and on such terms and conditions as may be mutually agreed upon by the parties, 90 days prior to the expiry of the said period of twenty years, subject to	This Agreement shall be effective upon its execution of PPA and delivery thereof between parties hereto and shall continue in force until the twentieth (20 <sup>th</sup> ) anniversary that is for a life period of twenty years from the Commercial Operation Date (COD). The agreement is valid till 19.10.2028. This Agreement may be renewed for such further period of time and on such terms and conditions as may be mutually agreed upon by the parties, 90 days prior to the expiry of the said period of twenty years, subject to

Ref.	Existing provision	To be modified as
	the consent of the TSERC. Any and all incentives/conditions envisaged in the Articles of this Agreement are subject to modification from time to time as per the directions of TSERC, Government of Telangana and TSDISCOM.	the consent of the TSERC. Any and all incentives/conditions envisaged in the Articles of this Agreement are subject to modification from time to time as per the directions or approval of TSERC from time to time.
<b>Article 10 Special Provisions</b>		
10.3	However, in respect of power evacuation, the voltage levels for interfacing with TSTRANSCO/ DISCOM's Grid will be as per Article 1.33. The costs of interconnection facilities have to be borne by the Company as per Article 3.	However, in respect of power evacuation, the voltage levels for interfacing with TSTRANSCO/ DISCOM's Grid will be as per Article 1.31. The costs of interconnection facilities have to be borne by the Company as per Article 3.
10.9 (A)	-	New Article to be included after the existing Article 10.9 as: “In the event of the merger or re-organization of TSNPDCL, if the resulting entity is able to perform TSNPDCL's obligations hereunder in no less a manner than TSNPDCL, the resulting entity shall take the right and responsibility for performance of TSNPDCL's obligations.”
10.9 (B)	-	New Article to be included after Article 10.9 (A) as:

Ref.	Existing provision	To be modified as
		<p>“In the event of the merger or re-organization of Company, if the resulting entity is able to perform Company’s obligations hereunder in no less a manner than Company, the resulting entity shall take the right and responsibility for performance of Company’s obligations.”</p>
<b>Article 11 Force Majeure</b>		
<p>11.1 (b)(iv)</p>	<p>In the event of a delay in COD due to:</p> <p>(a) Force Majeure Events affecting the Company;</p> <p>or</p> <p>(b) DISCOM Event of Default as defined in 11.2, the scheduled COD shall be deferred, for a reasonable period but not less than 'day- for-day' basis subject to a maximum period of 12 months, to permit the Company or to overcome the effects of the Force Majeure events affecting the Company or DISCOM, or till such time such event of</p>	<p>To be deleted</p>

Ref.	Existing provision	To be modified as
	<p>default is rectified by the Company or the DISCOM, whichever is earlier.</p> <p>Provided further that, the validity of Performance Bank Guarantee shall be extended suitably covering the extended period.</p> <p>11.2 DISCOM Event of Default</p> <p>11.2.1 The occurrence and the continuation of any of the following events, unless any such event occurs as a result of a Force Majeure event or a breach by the Company of its obligations under this Agreement, shall constitute the Event of Default on the part of defaulting DISCOM ("DISCOM Event of Default"):</p> <ul style="list-style-type: none"> <li>(i) DISCOM fails to pay (with respect to payments due to the Company according to Article 2), for a period of ninety (90) days after the Due Date of Payment and the Company is unable to recover the amount outstanding through the Letter of Credit, or</li> <li>(ii) DISCOM repudiates this Agreement and does not rectify such a breach within</li> </ul>	

Ref.	Existing provision	To be modified as
	<p>a period of thirty (30) days from a notice in writing from the Company in this regard; or</p> <p>(iii) except where due to any Company's failure to comply with its obligations, DISCOM is in material breach of any of its obligations pursuant to this Agreement, and such material breach is not rectified by DISCOM within thirty (30) days of receipt of notice in writing in this regard from the Company to DISCOM: or</p> <p>(iv) if:-</p> <p>DISCOM becomes voluntarily or involuntarily the subject of any bankruptcy or insolvency or winding up proceedings and such proceedings remain uncontested for a period of thirty (30) days, or any winding up or bankruptcy or insolvency order is passed against DISCOM, or</p> <p>DISCOM goes into liquidation or dissolution or a receiver or any similar officer is appointed over all</p>	

Ref.	Existing provision	To be modified as
	<p>or substantially all of its assets or official liquidator is appointed to manage its affairs, pursuant to law,</p> <p>Provided that it shall not constitute a DISCOM Event of Default, where such dissolution or liquidation of DISCOM or DISCOM is for the purpose of a merger, consolidation or reorganization and where the resulting entity has the financial standing to perform its obligations under this Agreement and has creditworthiness similar to DISCOM and expressly assumes all obligations of DISCOM and is in a position to perform them; or</p> <p>(v) If DISCOM is subject to any of the above defaults and DISCOM does not designate another DISCOM for purchase of power; or</p> <p>(vi) Occurrence of any other event which is specified in this Agreement to be a material breach or default of DISCOM.</p>	



Ref.	Existing provision	To be modified as
<b>Article 12 Data Acquisition System &amp; Day-Ahead Schedules</b>		
12.2	The company shall abide by the revision of declared capacity by the generator having two part tariff and requisition by beneficiary for the remaining period of the day shall be permitted with advance notice. Revised schedules / declared capacity in such cases shall become effective from the 4 <sup>th</sup> time block, counting the time block in which the request for revision has been received to be the first one.	The company shall abide by the revision of declared capacity by itself or by requisition by TSNPDCL for the remaining period of the day with advance notice. Revised schedules / declared capacity in such cases shall become effective from the 4 <sup>th</sup> time block, counting the time block in which the request for revision has been received to be the first one

30. With the above observations, the Commission hereby accords consent to the draft PPA subject to modifications required to be done as detailed above. TSNPDCL is directed to submit the PPA duly incorporating the above proposed modifications for the record of the Commission.

**This Order is corrected and signed on this the 09<sup>th</sup> day of February, 2022.**

**Sd/-** (BANDARU KRISHNAIAH) MEMBER  
**Sd/-** (M.D.MANO HAR RAJU) MEMBER  
**Sd/-** (T.SRIRANGA RAO) CHAIRMAN

**//CERTIFIED COPY//**





**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION**  
**5<sup>th</sup> Floor Singareni Bhavan Red Hills Lakdi-ka-pul,Hyderabad500004**

**NOTICE**

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1. TSNPDCL viz., Northern Power Distribution Company of Telangana Limited (TSNPDCL) has submitted proposals before the Telangana State Electricity Regulatory Commission (TSERC) for consent of Draft Power Purchase Agreement entered with M/s Madhucon Sugar and Power Industries Limited for the capacity of 19 MW power from the 24.2 MW Bagasse co-generation plant at Rjeshwarapurm, Ammagudem post, Nelakondapally(M), Khammam Dist at the Tariff to be determined by TSERC upon filing of petition by the company for the period from the date of execution of PPA to 19.10.2028

The TSNPDCL has requested the Commission to accord consent to the above mentioned PPA.

2. Copies of the proposals along with the related documents are uploaded on the Commission's website [www.tserc.gov.in](http://www.tserc.gov.in). Suggestions/Objections/Comments in the subject matter are invited from all stakeholders and public at large, so as to reach the following address on or before **03.02.2022 by 5.00 P.M.**

**Commission Secretary (FAC)**  
**Telangana State Electricity Regulatory Commission**  
**5<sup>th</sup> floor, Singareni Bhavan, Red Hills, Lakdi-ka-pul**  
**Hyderabad- 500004**  
**Email id: [secy@tserc.gov.in](mailto:secy@tserc.gov.in)**

  
COMMISSION SECRETARY<sub>[FAC]</sub>

DATE: 12.01.2022

## Annexure-II

### List of stakeholders who submitted written suggestions and comments

Sl. No.	Name of the Stakeholder
1	Sri M.Venugopala Rao, Senior Journalist & Convenor, Centre for Power Studies, H. No. 1-100 / MP / 101, Monarch Prestige, Journalists' Colony, Gopanpally, Serlingampally Mandal, Hyderabad – 500 032

